

UNCLASSIFIED

Current Class: UNCLASSIFIED  
Current Handling: n/a  
Document Number: 2002BOGOTA07397

Page: 1

Channel: n/a

<<<>>>

UNCLASSIFIED

PT08591

(E62)

PAGE 01 BOGOTA 07397 162321Z  
ACTION EB-00

RELEASED IN FULL

|      |         |         |         |         |         |         |         |
|------|---------|---------|---------|---------|---------|---------|---------|
| INFO | LOG-00  | MFA-00  | NP-00   | AID-00  | CEA-01  | CTME-00 | INL-00  |
|      | DINT-00 | ITCE-00 | WHA-00  | SRPP-00 | DS-00   | EXME-00 | E-00    |
|      | UTED-00 | VC-00   | FRB-00  | H-01    | TEDE-00 | INR-00  | ITC-01  |
|      | LAB-01  | L-00    | VCE-00  | AC-01   | NSAE-00 | OES-01  | OMB-01  |
|      | OPIC-01 | PA-00   | PM-00   | PRS-00  | ACE-00  | P-00    | SP-00   |
|      | IRM-00  | SSO-00  | STR-00  | TEST-00 | TRSE-00 | USIE-00 | ASDS-01 |
|      | EPAE-00 | PMB-00  | DSCC-00 | DRL-02  | G-00    | NFAT-00 | SAS-00  |

/011W

-----DA6E24 162322Z /38

R 162318Z AUG 02  
FM AMEMBASSY BOGOTA  
TO SECSTATE WASHDC 0471  
INFO AMEMBASSY CARACAS  
AMEMBASSY LA PAZ  
AMEMBASSY LIMA  
AMEMBASSY PANAMA  
AMEMBASSY QUITO  
CIA WASHDC  
SECDEF WASHDC  
NSC WASHDC  
DEPT OF COMMERCE WASHDC  
DOE HQS FORRESTAL BLDG WASHINGTON DC

UNCLAS BOGOTA 007397

E.O. 12958: N/A  
TAGS: EPET, PGOV, ASEC, CO  
UNCLASSIFIED

PAGE 02 BOGOTA 07397 162321Z  
SUBJECT: GOC CONSIDERS ELIMINATING FUEL SUBSIDIES

1. THE NEW MINISTER OF MINES AND ENERGY, LUIS ERNESTO MEJIA, HAS ANNOUNCED PLANS TO ELIMINATE THE SUBSIDY FOR GASOLINE AND DIESEL. THE GOC WILL TRANSFER THE ESTIMATED USD 882 MILLION SPENT ANNUALLY ON THE SUBSIDY TO PROGRAMS THAT WILL BENEFIT THE POOR, SAID MEJIA. THE GOC ALSO HOPES THAT THE ELIMINATION OF THE SUBSIDIES WILL ENCOURAGE BROADER USE OF NATURAL GAS. CRITICS ARE CONCERNED THAT THE ALREADY RAMPANT USE OF CONTRABAND GASOLINE BROUGHT IN FROM VENEZUELA AND ECUADOR WILL INCREASE. TRANSPORTATION UNIONS CLAIMED THAT TRANSPORT PRICES WILL HAVE TO INCREASE TO OFFSET THE LOSS OF

Current Class: UNCLASSIFIED  
UNITED STATES DEPARTMENT OF STATE  
REVIEW AUTHORITY: WILLIAM E LANDFAIR  
DATE/CASE ID: 14 JAN 2004 200203418

Page: 1

UNCLASSIFIED

UNCLASSIFIED

Current Class: UNCLASSIFIED  
Current Handling: n/a  
Document Number: 2002BOGOTA07397

Page: 2  
Channel: n/a

THE SUBSIDY.

2. ECOPETROL PRESIDENT ISAAC YANOVICH SAID THAT IF THE SUBSIDY WERE ELIMINATED IMMEDIATELY THE PRICE OF GASOLINE WOULD PROBABLY INCREASE AROUND 30 PERCENT. HOWEVER, INDUSTRY ANALYSTS EXPECT THAT THE GOVERNMENT WOULD PROBABLY TAKE AT LEAST A YEAR TO ELIMINATE COMPLETELY THE SUBSIDY, WHICH IS CURRENTLY AT 26 CENTS PER GALLON OF GASOLINE AND 30 CENTS PER GALLON OF DIESEL. YANOVICH ACKNOWLEDGED THE REAL THREAT OF AN INCREASE IN THE USE OF CONTRABAND GASOLINE. THE USE OF CONTRABAND GASOLINE ALREADY COSTS THE GOC AN ESTIMATED USD 346 MILLION DUE TO FOREGONE TAXES, THEFT FROM ECOPETROL PIPELINES, AND LOST SALES AT ECOPETROL OWNED STATIONS, ACCORDING TO THE COLOMBIAN PETROLEUM ASSOCIATION. PATTERSON

UNCLASSIFIED

<< END OF DOCUMENT >>

Current Class: UNCLASSIFIED

Page: 2

UNCLASSIFIED